

June 1, 2007

Mark D. Cowan
(202) 457-6401
mcowan@pattonboggs.com

CONFIDENTIAL

Mr. Zhang Ping
Counselor (Congressional Affairs)
Embassy of the People's Republic of China
to the United States
2300 Connecticut Avenue, N.W.
Washington, D.C. 20008

Dear Counselor Zhang:

Thank you for retaining Patton Boggs LLP for representation of the Embassy of the People's Republic of China (Embassy) in Washington, D.C. We look forward to working with you in a manner that fosters a mutually gratifying long-term relationship.

To ensure that the Embassy and we have a common understanding of the terms of our representation and to comply with the rules of professional conduct for the jurisdictions in which we practice, I have enclosed a statement describing the standard terms of engagement for legal services to be provided by Patton Boggs LLP. The terms of engagement cover such matters as our procedure for handling potential conflicts of interest, fees, costs and expenses, billing arrangements and terms of payment. Please review the document carefully to ensure that it comports with your understanding. This letter supplements and modifies the enclosed terms of engagement.

Ambassador Timothy Chorba, Larry Harris and I will be primarily responsible for the work done on behalf of the Embassy and will supervise the lawyers and other professionals who may work on this project. I anticipate that associates, staff attorneys, legal assistants, specialists and/or in-house consultants will assist in the matter.

Fees for our work shall be in the form of a fixed monthly retainer of \$22,000.00, inclusive of expenses and payable quarterly in advance. Should the Embassy require international travel, it will be billed separately and will be in addition to the aforementioned retainer. The engagement shall be for one year, beginning July 11, 2007 and lasting through July 10, 2008. Should the Embassy decide to terminate this engagement earlier than July 10, 2008, and inform Patton Boggs of this position with 30 days written notice, the Embassy should be absolved of the responsibility for the fees for the remainder of the specified time period. Thereafter, we will measure our progress and decide how we go forward together. We request that upon signing this

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engagement letter, you remit the first quarter's retainer of \$66,000. We have provided our wiring information below.

Patton Boggs LLP
Citibank
1101 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

ABA Routing #: [REDACTED]
Account Name: Patton Boggs LLP
Account Number: [REDACTED]

If you agree with these terms and conditions, including those set forth in the standard terms of engagement, I would appreciate your acknowledging acceptance of both documents by signing and returning the enclosed copy of this letter. If you have any questions about these terms or would like to discuss them, please call me as soon as possible so as not to impede our commencing work on your behalf.

These terms and conditions will apply to any future work we undertake for the Embassy unless we agree to a new letter reflecting different terms and conditions.

We look forward to working with the Embassy to achieve successful results.

Very truly yours,



Mark D. Cowan
for PATTON BOGGS LLP

AGREED TO AND ACCEPTED:

EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA
TO THE UNITED STATES

By: 
Mr. Zhang Ping
Counselor (Congressional Affairs)

Enclosure

PATTON BOGGS LLP

Standard Terms of Engagement for Legal Services

We appreciate your selection of our Firm to represent you. The purpose of this statement is to provide you with important information about the scope of this engagement, our fees and billing policies, and other terms that will govern our relationship. While we do not wish to begin this relationship on an unduly formal footing, it has been our experience that this statement is helpful to both the client and the Firm.

Unless modified by the engagement letter forwarded along with this enclosure, this statement sets forth the standard terms of our engagement as your lawyers. We therefore ask that you carefully review it to ensure that it comports with your understanding of our respective responsibilities. If you have any questions concerning the matters discussed below, please contact us promptly so that we may address them with you. We suggest that you retain a copy of this statement with your copy of the accompanying engagement letter, as these terms will be an integral part of our agreement with you.

The Scope of Our Engagement

The accompanying engagement letter describes the work we are to perform on your behalf. We want you to have a clear understanding of the legal services we will provide, and encourage you to review the letter and to discuss with us any questions you may have concerning these services.

We will at all times act on your behalf to the best of our ability. During the course of our representation, you may seek our professional opinion regarding the likely outcome of your legal matters. Any expressions (solicited or otherwise) on our part concerning such possible outcomes are expressions of our best professional judgment, but are not guarantees.

Before we begin representing a particular client, we try to determine whether there are any conflicts of interest that would interfere with our representation of that client's interests. Should we determine in the course of our representation that a conflict has arisen, we will promptly notify you. We similarly ask you to notify us if you become aware of any potential conflicts of interest. If either you or we conclude that our representation should or must be terminated, we will do our best to protect your interests by assisting in providing a smooth transition to new counsel.

It is our policy that we represent only the person or entity that is specifically identified in our accompanying engagement letter and not any affiliates of that person or entity. This means that if you are a corporation or partnership, or governmental agency or department, our engagement does not include representation of any parents, subsidiaries or affiliates, or other agencies or departments. Nor does it include representation of any employees, officers, directors, shareholders of the corporation or partners of the partnership, or agency or department, or commonly owned corporations, joint ventures or other corporate, governmental or contractual affiliates or partnerships. If you are an association, our representation does not include representation of any of your individual members.

Accordingly, for conflict of interest purposes, by accepting the enclosed engagement letter, you are agreeing that we may represent another client with interests adverse to any such affiliate or individual association member without obtaining your further consent. Whether we will do so will

depend on several factors, including the jurisdiction in which the representation will be undertaken and whether (i) the adverse matter is the same as, or substantially related to, the matter on which the Firm is representing you; (ii) there is a risk of adverse use or unauthorized disclosure of confidences or secrets obtained during our representation of you; (iii) the representation likely will have a material adverse effect on your financial condition; or (iv) the other client would be adverse to an entity which is your "alter ego."

We also wish to emphasize that Patton Boggs LLP provides a wide array of legal services to many clients around the world. These services include legislative and administrative representation on matters that may affect your interests, directly or indirectly. Therefore, as a condition of our undertaking to represent any client on a particular matter as described in our accompanying engagement letter, we ask each of our clients to waive objection to any conflict of interest that might be deemed to be created by our representation of other clients in legislative or administrative policy matters that are unrelated to the specific representation we have been asked to undertake on their behalf. Your waiver will permit us to represent another client in advocating a change in law or policy in areas such as environmental or business regulation, international trade, health care, or taxation, even if the policy we advocate would or might have a direct or indirect adverse impact upon your interests. It is also possible that some of our current or future clients will have disputes with you during the time we are representing you. We therefore also ask each of our clients to agree that we may continue to represent or may undertake in the future to represent existing or new clients in any matter that is not substantially related to our work for you, even if the interests of such clients in those unrelated matters are directly adverse to yours. We agree, however, that your prospective consent to conflicting representation shall not apply in any matter that is substantially related to the subject matter of our representation of you, or as to which we have obtained from you sensitive, proprietary or other confidential information of a non-public nature that, if known to any other such client of ours, could be used by such client to the material disadvantage of your interests. We emphasize that the consent requested covers only matters that are unrelated to the work for which you are currently engaging us, and we would not undertake any representation that is related in any material way to the current matter. In all cases, we will preserve the confidentiality of all non-public information that you provide us. Your acceptance of the attached engagement letter will constitute your agreement to the waivers requested in this paragraph. (We recognize that, in certain jurisdictions, governmental agencies, unlike private parties, may not consent to adverse representation by its counsel even in unrelated matters.)

It is also our policy that the attorney-client relationship will terminate upon our completion of any services that you have retained us to perform. We hope, of course, that you will choose to retain our Firm to perform further or additional services. Should you do so, our attorney-client relationship will be re-established subject to these terms of engagement, as they may be supplemented at that time.

Who Will Provide the Legal Services

Your representation will be supervised by the principal attorney specified in the accompanying engagement letter. Subject to the principal attorney's supervision, other lawyers, in-house specialists and consultants and/or legal assistants (paralegals) in the Firm may perform services on your behalf. The staffing decisions are made by the principal attorney with the objective of rendering timely and cost-effective services to you. Whenever practicable, we will advise you of the names of those attorneys, in-house specialists and consultants and legal assistants who work on your matters.

How Fees Will Be Set

Fees for services rendered will be based on the reasonable value of those services as determined in accordance with the codes of professional responsibility for the jurisdictions in which we practice. Fees will be based primarily on our standard hourly billing rates in effect at the time the work is performed and the numbers of hours worked. Each attorney, legal assistant (paralegal), law clerk, and in-house specialist and consultant is assigned a standard hourly billing rate, based on the person's experience, years of practice, special expertise, and professional achievement. The accompanying engagement letter details the current billing rates of the persons most likely to perform the primary services on your behalf. The Firm typically adjusts these rates on an annual basis to reflect current levels of legal experience, changes in overhead costs and other factors.

Time for which a client will be charged will include, among other things, telephone and office conferences with the client, witnesses, consultants, court personnel and others; conferences among our legal personnel; factual investigations; legal research; preparation of responses to clients' requests for us to provide information to their auditors; drafting of letters, pleadings, briefs, memoranda and other documents; travel time; and time in depositions, other discovery proceedings and in court. We charge our time in units of one quarter of an hour.

We are often requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible we will furnish an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation. All estimates are subject to unforeseen circumstances and are by their nature inexact.

Costs and Expenses

In addition to our fees for legal services, we also charge separately for certain costs and expenses incurred in performing those services. These expenses may include costs of photocopying, messenger and delivery service, computerized research, travel, long-distance telephone calls, telecopying, filing fees, staff overtime expenses and other similar costs and expenses. Certain of these items may be charged at more than our direct cost, including retaining rebates from service providers, to cover our overhead. Unless special arrangements are made at the outset, fees and expenses of experts and consultants will be the responsibility of, and will be billed directly to, the client.

Our policy requires other out-of-pocket charges in the amount of \$1,000 or more to be billed and paid by you to the Firm before the supplier can be paid. Because our ability to render legal services on your behalf is often dependent upon the services of these suppliers, prompt payment of these invoices is particularly important. When we are asked to undertake matters that will involve significant out-of-pocket expenses, we will ask you to provide us, in advance, with funds to cover the anticipated expenses.

We reserve the right to make at your expense and retain copies of all documents generated or received by us in the course of our representation. When you request documents from us, copies that we generate shall also be made at your expense, including both professional fees for time expended in reviewing files to be copied and reproduction costs.

Billing Arrangements and Terms of Payment

We will bill you on a regular basis, ordinarily each month, for both fees and costs and expenses. We generally send our statements in the second half of the month following the month to which the bill relates. Our statements are payable upon presentation. If any monthly statement is not paid in full within thirty days of its date, then we may assess a late charge on the unpaid balance at the rate of 1.0% per month until full payment is made.

It is our general policy to ask for an advance payment (which we sometimes refer to as a retainer or a deposit) against which we will charge our fees and expenses. Such advance payments are not refundable unless mutually agreed otherwise by you and the firm. Agreed upon amounts for monthly representation or for specific assignments are not considered "advance payments."

We will notify you promptly if your account becomes delinquent, and you agree to bring the account or the advance deposit current when so notified. If the delinquency continues and you do not arrange satisfactory payment terms, we reserve the right to postpone or defer providing additional services or to withdraw from the representation and pursue collection of your account. If collection activities are necessary, you agree to pay to us any costs we may incur in collecting the debt, including court costs, filing fees and a reasonable attorney's fee.

Termination of Representation

You may terminate our representation at any time, with or without cause, by notifying us. If such termination occurs, upon your request, we will promptly return to you any papers or property that you have given to us, subject to our rights, where permitted by applicable rules of professional conduct, to retain such papers or property as security for the payment of any outstanding fees, costs or expenses. We will retain our own work-product pertaining to the case for a reasonable period of time after such termination. It is our general policy not to retain copies of files or other records relating to an engagement for more than five years after completion of the services you have asked us to perform. Thereafter, we destroy those files unless the client tells us otherwise. If you want us to keep files for a longer period of time, please tell us. Your termination of our services will not affect your responsibility for payment of legal services rendered and costs and expenses incurred before termination and in connection with an orderly transition of the matter.

We are subject to the rules of professional responsibility for the jurisdictions in which we practice, which list several types of conduct or circumstances that require or allow us to withdraw from representing a client, including for example: nonpayment of fees or costs, misrepresentation of or failure to disclose material facts, action contrary to our advice, conflict of interest with another client or, if in our judgment, any fact or circumstance would render our continuing representation unlawful or unethical. If withdrawal ever becomes necessary, we will take all reasonable measures to ensure a smooth transition to new counsel. Your acceptance of the engagement letter accompanying this statement constitutes your agreement not to contest our motion to withdraw from any court or administrative proceeding in these circumstances.

Insurance Coverage

It is possible that you may have insurance policies relating to a matter with respect to which you request our assistance. You should carefully check all policies and, if coverage may be available,

notify the insurance company about the matters as soon as possible. We do not undertake any responsibility to advise you as to the existence, applicability or availability of insurance coverage for any of the matters to be handled by us unless you have provided us with copies of your policies of insurance and expressly request our advice as to potential coverage under those policies. If an insurance company undertakes the payment of any portion of our statements, you will still remain responsible for any amounts not paid by the insurance company.